



BILL RICHARDSON
GOVERNOR

State of New Mexico
ENVIRONMENT DEPARTMENT
Office of the Secretary
Harold Runnels Building
1190 St. Francis Drive, P.O. Box 26110
Santa Fe, New Mexico 87502-6110
Telephone (505) 827-2855
Fax (505) 827-2836



RON CURRY
SECRETARY

DERRITH WATCHMAN-MOORE
DEPUTY SECRETARY

February 27, 2004
Immediate Release

Contact: Jon Goldstein, NMED Communications Dir.
Phone: (505) 827-0314

Environment Department Settles Alleged Air Violations at Jal Gas Facility; Company to Commit Approximately \$21 Million on Emission Reduction Upgrades

(Santa Fe, NM) — The New Mexico Environment Department (NMED) has entered into a settlement agreement with Sid Richardson Energy Services (SRES) to resolve alleged air violations at the company's Jal #3 gas plant and Jal #4 compressor station located near Jal in southeastern Lea County.

As a part of the settlement, SRES has agreed to install new compression facilities and air pollution control devices at Jal #3 and replace all compression facilities at Jal #4 with new, lower-emitting engines. SRES estimates its commitment to these upgrades will be approximately \$21 million. Under this agreement allowable emissions for these facilities will also be reduced, with oxides of nitrogen (NOx) limits reduced by 2,500 tons per year at Jal #3. At Jal #4 NOx emissions allowed by their air permit will be reduced by 1,500 tons per year and carbon monoxide (CO) limits will be reduced by 150 tons per year.

"This is a good deal for the state and for the people of Lea County," said NMED Secretary Ron Curry. "What this Department tries to do, above all else, is protect New Mexican's health from pollution. This agreement will do that by significantly lowering emission limits and keeping pollution out of the air."

"While we do not fully agree with NMED's position on the alleged violations", said Mitch Roper, Senior Vice President for SRES, "we recognized the opportunity to work with the Department to protect the environment and further improve the reliability of our operations. This investment illustrates our continued commitment to the business community and the citizens of Southeast New Mexico."

"I would like to compliment both Sid Richardson and the Department for working together in the best interest of southeastern New Mexico," said Senator Carroll Leavell. "This deal will have a direct, positive impact."

This agreement settles issues raised in a March 2002 notice of violation and an April 2003 draft compliance order against SRES. In these enforcement actions, the Department found that the company violated NOx and CO emission limits set in its state air permit.

more

Under the agreement SRES will commence and complete upgrades at the Jal #3 facilities in 2004 and the Jal #4 facilities in 2005. SRES is also required to submit status reports to NMED on these upgrades beginning 60 days after this agreement and every 60 days thereafter until the required actions have been completed.

SRES and NMED will also work together in the coming months to amend all necessary air permits to reflect agreements reached, including the new, lowered emission limits in this settlement.

“Environmental regulations, including permitting requirements, serve a very important purpose,” said Secretary Curry. “They protect us from substances that pose serious health risks. By tightening these requirements this agreement will reduce risk and better protect the health of people throughout southeastern New Mexico.”

Deadlines in this agreement are enforced with stipulated penalties of \$500 per day. If SRES fails to make these payments in a timely and complete manner, it will be charged interest at the rate established by state law.

For further information contact Jon Goldstein, Communications Director, NMED at (505) 827-0314.

###